

United States  
Circuit Court of Appeals  
For the Ninth Circuit

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HAYNES STELLITE COMPANY, a  
corporation,

*Appellant,*

vs.

STOODY COMPANY, a corporation,

*Appellee.*

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ANSWER BRIEF OF APPELLEE

FILED

OCT 12 1933

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No. 8119

ANSWER BRIEF OF APPELLEE

STATEMENT

**The Appeal Is From an Order for a Preliminary Injunction in an Infringement Suit Based Upon a Patent Previously Adjudicated Valid and Infringed by the Same Court.**

The appeal herein is from an order for a preliminary injunction granted in a patent infringement suit brought by Stooddy Company, the present owner, of Letters Patent No. 1,803,875, on a "Method of Facing Tools and Resulting Product." (R. 16.)

The patent previously had been held valid and infringed in the case of *Stoody Company v. Mills Alloys, Inc., et al.*, No. Y-101-J, in the United States District Court, Southern District of California, Central Division.

That case was tried before the Honorable David B. Head, Special Master, and the Master's Report was adopted as the Court's Findings by the Honorable William P. James, who is the same judge who granted the order for the preliminary injunction herein.

The record here is not one where there has been "a misapplication of law to conceded facts," nor one where "there is no controverted issue of fact to be determined, and the issues of validity and infringement are questions of law to be determined on the undisputed facts" as contended in "Appellant's Opening Brief," page 4.

Infringement in effect is conceded in the appellant's answer. (R. 48-49.) Validity has been adjudicated in the prior case on the same patent against *Mills Alloys, et al.*, on proofs many times more ample than the fragmentary considerations advanced by appellant in the court below.

*Stoody v. Mills*, Y-101-J is now on appeal to this court but the record only lately has been filed. That, however, does not detract from its effect as an adjudicated case. (*Treibacher v. Wolf Safety*, (S. D. N. Y.) 215 F. 126.) In the present case the order on appeal was made before the appeal of the adjudicated case.

The affidavits on behalf of defendant below were not of "facts" but of the opinions of an expert as to certain patents. Such affidavits did not present, as claimed in "Appellant's Opening Brief," page 3, facts "uncontroverted and neither impeached nor explained by any evidence or proofs submitted by plaintiff-appellee." The affidavits are controverted by the patents themselves discussed in one affidavit and by the Fact Findings in *Stoody v. Mills*, Y-101-J. (R. 24-38.)

### **Findings Describing the Method of the Patent**

The Master's Findings, adopted by the District Court in the prior suit of *Stoody Co. v. Mills Alloys, et al.*, (a copy of which forms a part of this record) describe the method of the patent herein involved, as follows:

"The method of the patent relates to the facing of tools, particularly those used for the drilling of oil wells. A mild steel tube of low melting point is filled with particles of a substance of high melting point. Tungsten Carbide is preferred for the substance of high melting point. The tube is then melted by the flame of an oxy-acetylene torch and deposited on the cutting surface of the tool as shown in Figure 3 of the patent drawings. The tungsten carbide particles are not affected by the heat of the torch. As the steel fuses and flows into the weld, the tungsten carbide particles are carried with it. When the steel solidifies the tungsten carbide is found distributed throughout the steel as discrete particles. When the tool is used

these hard particles as they are exposed by wear, become a part of the cutting face of the tool.” (R. 25-26.)

**The Method of the Patent Is the Application by Welding to the Cutting Edge of a Tool a Layer of Metal in Which Hard Particles Are Embedded to Form an Effective and Durable Cutting and Drilling Face.**

The patent describes the applying of the composite material to the tool to be faced, as follows:

“A layer of metal 5, in which the particles 2 are embedded, is deposited thereon by melting the end of the welding rod by any suitable means such as an acetylene torch indicated at 6.” (p. 1, ll. 56-60.)

These particles are described as

“an alloy or element of a considerably higher melting point than the mild steel of which the tube 1 is composed.” (p. 1, ll. 36-38.)

The patent specifies preferred hard material, thus:

“Though any hard and tough alloy of a considerably higher melting point than mild steel may be used in place of the pieces or particles 2, we prefer to use a carbide of tungsten.” (p. 1, ll. 42-45.)

The purpose of using the mild steel as a binder is set out as follows:

“The object of using a mild tool steel as the tube in the welding rod is to provide a bond or binder for the particles 2 of the hard alloy which bond or binder is fusible at a temperature which

will not cause the alloy to form gases or oxidize, which would result in fissures or blow-holes.” (p. 1, ll. 69-75.)

“The mild tool steel forms a bond welded or fused on to the face of the tool.” (p. 1, ll. 76-77.)

The harder pieces and matrix

“form an effective and durable cutting and drilling face of the tool.” (p. 1, ll. 93-94.)

**The Novelty of the Method Is the Applying of a Layer of Heterogeneous Materials of Particular Characteristics by Welding Onto a Tool.**

The Patent reads:

“It is an object of this invention to face tools used for cutting, drilling or boring, with a layer of metal in which are embedded pieces or particles of an exceedingly tough and hard material of great wear-resisting properties.” (p. 1, ll. 3-8.)

This method of depositing by welding on the face of a tool of a layer of metal in which the harder particles are embedded, forming a heterogeneous deposit, is entirely new. There is nothing like it in the prior art. All welding deposits prior to the patentees' conception of this invention were of an alloy of homogeneous character. There were also inserts—diamonds, and later diamond substitutes—individually calked in place. The Stoodys developed a method known as the “hot rod” method, whereby separate pieces of tungsten carbide were held in position by



added on welded metal. Later they developed the method of the patent in suit.

### **The Invention Herein Is an Important Advance in the Art of Hardfacing Tools**

The development of the heterogeneous layer welding method constituted an important advance in the art over prior processes of welding homogeneous deposits on the edges of well drilling bits and other tools. Those homogeneous deposits were relatively soft as compared with tungsten carbide. The method of the patent in suit was also a considerable advance over the prior practice of calking diamonds and diamond substitutes (tungsten carbide shapes) on the bits. This calking practice, while obtaining harder cutting elements than could be obtained by the hard facing with homogeneous layer forming welding rods was not only very slow and expensive but required highly skilled labor.

Tungsten Carbide has a hardness approaching that of a diamond. But the particles of tungsten carbide, unlike the diamond, may be embedded in welded on steel because they are not affected by the heat of the welding torch in welding the mild steel to the surface of the tool. After the welding operation the hard particles retain their original extreme hardness, and cooperatively with the steel matrix, in which they are embedded, cause rapid penetration of the drill through hard strata in drilling.

The Master finding “*VALIDITY*,” stated in his report, adopted by the District Judge in *Stoody v. Mills*, Y-101-J,

“In view of the state of the art at the time of the disclosure of the method of the patent it was not known that tungsten carbide and mild steel could be combined together and simultaneously deposited in a weld by the heat of an acetylene torch to produce a weld in which the tungsten carbide particles would be held embedded in a matrix formed by the steel.” (R. 35, 36.)

The use of the method of the patent in suit enables a facing to be applied by any welder very easily and quickly with conventional equipment. The small tungsten carbide particles are found distributed close together throughout the steel layer as numerous discrete cutting particles. The resulting product is a more durable tool and enables many times faster and longer drilling.

The Master in adjudicating the validity of the patent in suit, said:

“*COMMERCIAL SUCCESS* (R. 35)

The Master observed certain demonstrations of the use of the hot rod method and the tube method of applying tungsten carbide. The tube method described in the patent results in a distinct saving in time and a better and more uniform product. Its use has become general in the oil tool industry. The plaintiffs have developed in a short time a large business in the sale of tungsten carbide in tubes under the trade name of Borium.”

As to Infringement, the adjudicated case finding is:

*“INFRINGEMENT (R. 37)*

The defendants are charged as contributory infringers. The defendant corporation, of which the defendant Mills is president and active manager, manufactures and sells welding rods consisting of a mild steel tube filled with particles of tungsten carbide. The defendants' product is intended to be used and is used by the defendants' customers in facing tools by the use of the method of the patent.”

As to the infringement by defendant in the present suit, the affidavit of Winston F. Stooddy filed in support of the Order to Show Cause sets out (R. 62):

“That the welding rod purchased by Walter Schumert (of defendant's agent) consists of a steel tube filled with particles consisting principally of tungsten carbide and that, of affiant's own knowledge, these welding rods are being sold and are being used by the trade for the purpose of welding the rods onto well drilling bits and like tools wherein the metal of the tube fuses under the heat of the acetylene torch with the metal of the bit and the particles of tungsten carbide remain unaffected, or substantially so, and are embedded in the matrix formed by the metal of the tube. That the welding rods manufactured and sold by the defendant are the same as those that were being manufactured (R. 63) and sold by Mills Alloys, Inc., and Oscar L. Mills, which formed the basis of the suit ‘Stooddy Company vs. Mills Alloys Inc., and Oscar L. Mills, in equity No. Y-101-J.’



Not only are the welding rods of the same appearance as those that were being marketed by Mills Alloys, Inc., and Oscar L. Mills, even to the extent of having the ends of the rods painted red, but in addition thereto the rods produce the same character of weld or deposit on the bits.”

*The Haystellite Composite rod* (R. 75) also constitutes an infringement.

As to these composite rods Mr. Stooddy’s affidavit reads in part (R. 68):

“After the plaintiff had placed on the market its welding rods, which were sold under the name of ‘Tube Borium’, the defendant undertook to place upon the market a tube or welding rod such as that shown on page 12 of the Haynes Stellite catalog, a photostatic copy of which is attached to the affidavit of Walter Schumert. This rod is an infringement of plaintiff’s patent . . .”

Defendant’s Answer admits the sale of tube and composite rods and the use of the patented method generally by purchasers of defendant’s welding rods. (R. 48, subds. 3 and 49, subd. 7.)

## ARGUMENT

### I.

ON THIS INJUNCTION APPEAL, THE PRIOR DECISION IN THE ADJUDICATED CASE OF *STOODY V. MILLS* Y-101-J DECIDED BY THE SAME JUDGE WHO GRANTED THE PRELIMINARY INJUNCTION HEREIN SHOULD BE GIVEN THE SAME WEIGHT AS WAS GIVEN IT BY THE COURT BELOW.

On this appeal from an order granting a preliminary injunction, the prior decision of *Stoody v. Mills*, Y-101-J, now on appeal here, decided by the same Judge who granted the order for the preliminary injunction herein, should be given the same weight as was given it by the court below.

The rule in this circuit is expressed by Circuit Judge Wilbur in *Sommer v. Rotary Lift Co., et al.* (C. C. A. 9), 66 F. (2d) 809, as follows:

“[The] question for the appellate court to consider in an appeal from a preliminary injunction is solely that of whether or not, under the circumstances, the trial court has exercised sound discretion in granting the preliminary injunction. It has been held by the Supreme Court, in *Mast, Foos & Co. v. Stover Mfg. Co.*, 177 U. S. 495, 20 S. Ct. 708, 44 L. Ed. 856, that upon an appeal from a preliminary injunction the appellate court being satisfied that there was no invention had power

to order a dismissal of the bill. This, of course, should rarely be done.”

See also *Independent Cheese Co. v. Kraft Phenix Cheese Corporation* (C. C. A. 7) 56 F. (2d) 575.

In *Thomson-Houston Elec. Co. v. Ohio Brass Co.*, (C. C. A. 6) 80 F. 712, 730, Judge Taft said:

“Questions on appeals of this character are ordinarily to be treated in this court from the standpoint from which they were viewed by the circuit court, and the decision on the merits by a circuit court of another circuit sustaining the patent is therefore usually of controlling weight here, as it should be in the court below.”

In *American Paper Pail & B. Co. v. Nat’l Folding Box & P. Co.*, (C. C. A. 2) 51 F. 229, 232, the court said:

“ . . . In the absence of some controlling reason for disregarding it, the former adjudication should have the same weight in this court which it has as the foundation for a preliminary injunction before the circuit court.”

No such “controlling reason” is suggested here. No prior patent, or prior use or prior publication, having an important bearing upon the validity or construction of the patent, and which was not before the court in the former Mills case, is now presented; no new authority on patent law is now first cited; there is nothing to show an improvident exercise of legal discretion by the district judge, and apparently this is an effort to prematurely review the Mills de-

cision, (rendered after full hearing and which now is on appeal) upon only a partial presentation of the evidence there considered, and without the benefit of cross-examination. There is no warrant for such practice, which was expressly condemned in

*Consolidated Fastener Co. v. Littauer et al*,  
(C. C. A. 2) 84 F. 164, 165;

*Blount v. Societe Anonyme Du Filtre etc.*,  
(C. C. A. 6) 53 F. 98, 100;

*Edison Electric Light Co. v. Beacon Vacuum Elec. Co.* (C. C. D. Mass.), 54 F. 678, 679.

In the adjudicated case of *Stoody v. Mills*, Y-101-J, the Master not only heard the witnesses and observed their demeanor, but he also saw demonstrations of the actual process of welding on tungsten carbide to various exhibits that were introduced in evidence. The Master was shown by practical demonstration how difficult it was to obtain, or to work out, the method of the patent in suit and how it was that such method was a step in advance in the art, a real contribution now extensively adopted, for which a patent should be sustained. (R. 35.)

There is no new evidence presented herein. The patents in the present record and others like them were fully considered in the prior decision of the adjudicated case of *Stoody v. Mills*, Y-101-J.

The *Chamberlin* patent No. 1,572,349, issued Feb. 9, 1926, (R. 93-95) is for a *cast* rotary core bit with cutting crystals incorporated in one end thereof. This

is Exhibit 1 attached to the Maxstadt affidavit. (R. 83-85, Appellant's Brief, pp. 13-15.)

With regard to this patent the Master found in the adjudicated case of *Stoody v. Mills* on the method patent involved herein, as follows:

“Other patents teach the use of abrasives by affixing pieces thereof in a matrix of metal. Boxley, Exhibit H-14, teaches the *moulding* of a matrix around a piece of hard abrasive such as carborundum. Marius, Exhibit H-18, Meyers, Exhibit H-24, and *Chamberlin*, Exhibit H-35, follow the same idea.” (R. 32.)

The Chamberlin rotary-core drill bit is cast of “aluminum or an alloy thereof, and in its cutting end, an abrasive material is incorporated, such as carborundum crystals.” (R. 95, ll. 14-16.)

No welding method is involved, as in the patent in suit, but instead there is a casting of aluminum to incorporate carborundum crystals and another method provides for crystals “first packed into a capsule of readily fusible material, such as lead, zinc, etc., and placed in the bottom of the mold . . . the heat of the cast metal” to melt the capsule. (R. 95, ll. 80-88.) This is a very different process from that of the patent in suit welding on to the face of the tool a layer of mild steel not “readily fusible,” in which tungsten carbide particles become embedded.

The method of making the Chamberlin cast bit is unsuitable for incorporating tungsten carbide particles in the cutting end of a bit.



Such a method does not carry out nor hint at the method described in claim 5, "supplying heat to the associated mass to cause the metal of low melting point to melt and be *deposited on* the tool and *carry with* it the pieces of hard substance *depositing* them *on* the tool."

Pouring molten metal onto a fusible capsule of lead or zinc in the bottom of a mold is the antithesis of welding a layer of steel, wherever needed, by its deposit, carrying with it particles of tungsten carbide and embedding them in it when cooled.

The theorist, Professor Maxstadt, defendant's expert, ignores the practical difference between casting with aluminum with a melting point of 1215° F. and welding mild steel with a melting point of 2600° F. using a welding torch with a heat of 6000° F. in the cone of the flame.

The *Ringstrom* patent No. 604,569, issued May 24, 1898 (R. 97-100) is Exhibit 2 attached to Maxstadt affidavit. (R. 86-89, Appellant's brief, 16-17.) This patent is for "Grinding, Abrading, or Cutting Material and Mode of Preparing Same." The method of this patent consists "in first coating each particle or grain of the abrading material with metal, then mixing the coated particles with molten metal or metallic alloy, and then *casting* the mass to give it the proper form." (R. 99, ll. 32-37.) It has no resemblance to the method of the patent in suit. It is similar to the casting

patents, such as Chamberlin, mentioned in the quotation from the Master's report above. (R. 32.)

The German patent to *Siemens & Halske*, No. 427,074, issued March 23, 1926 (R. 101-102, translation 103-105) Exhibit 3, attached to the Maxstadt affidavit (R. 89, Appellant's Brief, p. 10) is a method for preparation of alloys for implements.

The finding in the adjudicated case is:

“The German patent No. 427,074, Exhibit V, is directed to the introduction of tungsten carbide in granular form into other metals or alloys to increase their hardness. The patent states: ‘With some metals we find merely an embedding.’ The process consists of introducing tungsten carbide into a mass of molten metal. No mention is made of *welding* or a previous association of tungsten carbide with other materials.” (R. 33.)

This German patent to Siemens is for a “method for the preparation of alloys for implements.”

There is no teaching in the Siemens patent of simultaneously depositing a heterogeneous composition by welding onto the cutting edge of a tool.

The British patent No. 27,954 of 1908 to *Morrison*, discussed in the Maxstadt affidavit for defendant (R. 89) set out as Exhibit 4 to that affidavit (R. 106-107, Appellant's brief, pp. 21-22) is for applying homogeneous hard facing to cutting tools. This patent is not cited in the Mills case, but other methods and patents

to accomplish like purpose are discussed by the Master under the heading "Prior Art." (R. 27.)

While Morrison mentions "applying the extremity of the high grade steel while in a state of semi-fusion to small particles of such metal or metals or their oxides (as nickel, *tungsten*, chromium, manganese and the like) that a little of such metal or metals or their oxides may adhere thereto," he is careful to state that he shall "finally well fuse all round the completed nosing until thorough and homogeneous incorporation is secured." (R. 107, ll. 29-34.)

This method accomplished the same old result that the Master referred to in discussing the prior art practices, stating:

"One method was to weld a layer of hard homogeneous alloy such as stellite or stoddite." (R. 27.)

The affidavit of Defendant's expert states:

"The Morrison patent discloses completely what has been referred to in the Stoody-Mills litigation as the 'hot rod' method." (R. 90.)

The Master described the "hot rod" method as follows:

"In this method the welder uses tungsten carbide particles, usually of pea size, an acetylene torch and a mild steel welding rod. He uses the torch to bring the tool surface to a molten state.



He then heats the welding rod until the end is molten and then presses the molten end of the rod down on a piece of tungsten carbide causing the piece to adhere to the rod. He then transfers the rod to the tool face and with the torch melts off the portion of the rod together with the tungsten carbide particles. Sufficient steel is melted off to form a matrix around the tungsten carbide. This is repeated until a sufficient number of pieces have been set on the tool face.” (R. 29.)

This is not the method of Morrison, which welds a layer of high grade steel on to a mild steel surface “until a thoroughly incorporated and homogeneous weld is secured.” (R. 107, ll. 8-9.)

The hot rod method involves three materials, two of which are welded together, the weld anchoring a third, which remains unchanged—tungsten carbide particles. The Morrison patent involves only two welded together with any extraneous material melted and dissolved therein so as to lose its identity.

*Mills* patent No. 1,650,905, Nov. 29, 1927 (R. 117-120) is also discussed in Appellant’s Brief, p. 21. The Master in discussing this patent stated (R. 27-28):

“Prior to the use of the method of the patent drilling tools were faced with hard materials in several ways. One method was to weld a layer of hard homogeneous alloy such as Stellite or Stoodite. The material was cast in rod form and deposited (R. 28) by welding with the electric arc or acetylene torch. Other rods of composite ma-

terials were designed for the same use with the exception that the materials formed an alloy when fused during the deposition. The Mills Oxite Rod is an example.

“This rod is made in the form illustrated in Figure 3 of the Mills Patent, Exhibit H-1. (R. 117.) A mixture of tungsten, ferro-tungsten and other materials in powdered form was placed in a mild steel tube and baked for several hours at a red heat. It was intended that the rod be used with an acetylene torch to produce a homogeneous alloy in the resulting weld. At times the weld produced was rough in appearance due to the failure of all the material to fuse under the heat of the torch. The materials forming the unfused portions of the weld have not been identified. No embedding of hard particles was either intended or appreciably accomplished. The use of the Oxite rod did not anticipate the method of the patent. In the decision of the Patent Office in the interference which will be referred to hereafter the Mills Oxite rod is thoroughly and carefully considered.”

From the foregoing it appears that the patent herein has been fully adjudicated in a prior case on evidence which is only partially presented here. But, even upon such partial presentation the invention is shown to be one of merit and the patent valid, and infringed by defendant herein.

## II.

THE PRIOR ADJUDICATION AS TO THE WELDING ROD IS NOT IN CONFLICT WITH AND DOES NOT AFFECT THE SUBSEQUENT ADJUDICATION OF THE VALIDITY AND INFRINGEMENT OF THE METHOD PATENT.

In the case of *Stoody Company v. Mills Alloys, Inc., et al.*, R-94-M Master Head found the patent on the tube or rod invalid. That case was affirmed (C. C. A. 9) 67 F. (2d) 807.

In a second case by *Stoody Company v. Mills Alloys, Inc., et al.*, Y-101-J the same Master, to wit: Master Head, finds the patent on the method valid and infringed. This is the case relied upon by Appellee herein as an adjudication of the patent to sustain the order for the preliminary injunction now on appeal in this court. In the second Mills case it was found that the invalidity of the welding rod patent "does not detract from the merit of invention here claimed." (R. 36.)

There is no question of law, independent of fact issues, upon which the Appellate Court herein can pass. Even the effect of the decision on the rod patent which was affirmed on appeal by this court, 67 F. (2d) 807 requires a determination of the facts as to what the issues and evidence were in that case. Such facts were considered in the second case of *Stoody v.*

*Mills*, Y-101-J, on the Method Patent involved herein and determined adversely to the Appellant's contentions herein, and that determination is in evidence in the record. (R. 25, 33-35.)

The Special Master in his report in the second *Mills* case, Y-101-J, has misconstrued neither his findings nor the decision of this court in *Stoody v. Mills Alloys, Inc.*, 67 F. (2d) 807, as contended in Appellant's Brief, pages 18 et seq. The Master and District Judge find the two cases as a matter of fact to be in harmony.

The Special Master in his report in the second *Mills* case Y-101-J did not decide it erroneously, as contended in Appellant's Brief, page 18, on an issue of priority of assumed invention of the so-called "Hot Rod" method, nor was such issue held by him to be determinative of the case. The Master stated:

"(The) hot rod method was neither an anticipation or a part of the prior art insofar as the method of the patent is concerned." (R. 32.)

The prior decision of the Circuit Court of Appeals in the welding rod patent case does not in any way conflict with the decision by Master Head, approved by the lower court in the second *Mills* case and relied upon in the present case to support the preliminary injunction involving the method patent herein.

The first prior *Mills* decision did not pass in any way upon the invention of the method here involved. It passed only on the record as it was brought before the Appellate Court in that case, affirming the Mas-

ter's Findings as supported only by such evidence as was in that record.

In the second Mills case the findings as to the first Mills case are:

(R. 33) "The defendants set up the decree in this case under their plea of *res adjudicata*. The action was between the same parties on a patent the claims of which read on the welding rod which (R. 34) preferably is used in carrying out the process of the patent in suit. Claim 3 of the welding rod patent reads:

'3. A welding rod comprising a metal of comparatively low melting point and pieces of an alloy containing tungsten and carbon associated therewith.'

"The Master reported in that case that the patent was invalid for want of invention over the prior art. The report at lines 21 and 22, page 8, specifically points out that no process claims were involved.

"One finding of fact in that case differs from a finding herein. In the first case a finding was made that the hot rod method was prior to the invention claimed. This finding resulted from a colloquy between counsel and the Master. This colloquy is copied in Plaintiff's Reply Argument to Defendant's Objection to Plaintiff's Interrogatories found in the file of this case. Although the remarks of plaintiff's counsel are equivocal the colloquy in effect resulted in a stipulation insofar as the issues in that case were concerned. Neither party should be bound by that stipulation



in this action. The evidence in this case tends to further support the findings in the prior case as it appears that once the process of the patent was conceived the prior art was fully ready to provide the physical structure for combining the materials to be welded.

“At the time the first case was tried the patent in suit had not issued.”

. . .

“Defendants have cited cases such as Vapor etc. v. Gold, 7 F. (2d) 284 which are not in point. In that case it was held that plaintiff was estopped from setting up claims that could have been set up in a prior suit. The patent in suit had not issued at the time of the first case and obviously no cause of action had accrued.” (R. 35.)

### **The Method of Welding Is Patentable Independently of the Welding Rod Used Therein**

The patentees herein conceived that it might be possible to associate small particles of tungsten carbide with mild steel, and by means of a welding torch, to deposit simultaneously the mild steel and tungsten carbide particles on the cutting edge of a bit in a welded layer with the particles embedded therein without materially changing their identity. Having so conceived, one of the means of association of materials, to wit: the welding rod was held by this court in 67 F. (2) 807 not to constitute invention.

A process may be patentable while the mechanical device used in practicing it may not be patentable.

*Nestle-LeMur v. Eugene*, (C. C. A. 6) 55 F. (2d) 854, 856, 857, approved;

*Gen. Elec. Co. v. Savé Sales Co.*, (C. C. A. 6) 82 F. (2d) 100, 103.

A patent for a new and useful process is not invalid because of lack of novelty disclosed in the mechanical means used for practicing it.

*Cochrane v. Deener*, 94 U. S. 780, 787, 788; 24 L. ed. 139, 141.

In the case of *Naivette v. Bishinger* (C. C. A. 6) 61 F. (2d) 433, 436, 437, the court held the patent claims on a hair clamp were void and the claims on the process of waving the hair in which the clamps were used, were valid.

In finding the claims covering the device invalid, the court in the case cited, said, 61 F. (2d) 436:

“There is no contradiction in sustaining the validity of a process . . . and yet deny validity to the patent for a clamp as a unitary device.”

The Master in the second case of *Stoody v. Mills*, Y-101-J, follows the same line of logic, stating:

“Once having found that conception (of the method of the patent) they (the inventors) were equally at liberty to draw upon the prior art for the means by which the materials to be welded could be associated together. That the physical

structure of the tube in carrying out their method was not an invention in itself did not detract from the merit of invention here claimed.” (R. 36.)

**Neither the Prior Art of the Welding Rod Case Nor the Hot Rod Method Affects the Merit of the Method Patent Herein.**

The Appellate Court in the welding rod case relied upon the findings of the Master summing up the prior art at the time of the appearance of the welding rod of the patent, and quotes the Master’s findings as follows:

“(1) It was common practice to combine in rod form various substances intended for deposit in a weld and to use a steel tube filled with alloying substances for that purpose.

(Illustrations in this record Jones (R. 115) and Mills (R. 28 and 117).)

“(2) It was known that tungsten carbide could be used advantageously in hard-surfacing cutting tools.

(Use at Stone plant calking in diamond substitutes. (R. 28).)

“(3) It was known that tungsten carbide was not materially affected by a temperature of a degree of the acetylene torch and that it formed a bond with mild steel or other matrix metals.”

With reference to knowledge that tungsten carbide was not materially affected by the heat of the torch, a finding was refused in the first Mills case as



to whether or not this knowledge was discovered by others, or by the patentees themselves within two years prior to their application for the patent in suit. But in the second case adjudicating the method patent, the subject was more fully developed and the same Master in that case found that the patentees themselves were the ones who developed this knowledge. He states:

“Some time prior to June, 1927 Shelley Stooddy had learned that tungsten carbide was not appreciably affected by the heat of the acetylene torch.” (R. 27.)

Later findings show this to be the first knowledge of such characteristic.

Shelley Stooddy made this discovery in developing the “hot rod method.”

In the first Mills case insufficient exception under Rule 11 of this court and Equity Rule 46 was taken to the rejection of evidence by the Master as to the originator of the “hot rod” method, the Master taking the position that it was immaterial who originated it. (Vol. II, case 7059, p. 541, 67 F. (2d) 813.)

In the method patent case, this same Master heard the second Mills case fully, including the evidence which was barred in the first case, together with other evidence, and concluded:

“The conclusion is reached that there was no use of the hot rod method at the Stone plant prior to the use of that method by the Stoodys.” (R. 32.)

As to the hot rod method and knowledge developed by the Stoodys, the Master in the method patent case, relied on herein, made the following finding:

“The use of the hot rod by Shelley Stoody and others in the Stoody plant did not constitute a prior public use. While it was still their own, the Stoodys and Cole (the inventors herein) could use that knowledge in the future development of their ideas. *Eck v. Kutz*, 132 Fed. 758; *In re Peiler*, 65 Fed. (2d) 984.” (R. 32.)

The fact that tungsten carbide is not materially affected by the heat of the torch was not known until Shelley Stoody discovered it in making his experiments. Tungsten carbide, known as “Thorane,” a German metal, had been in use in the Stone plant since late in 1925, which was some considerable time prior to the development of the hot rod method by Shelley Stoody. The Master found with respect to its use in the Stone plant where it was caked into holes prepared for that purpose on the bit cutting edge:

“In this operation the flame of the welding torch was kept away from the Thorane as much as possible from fear of damage to the Thorane.” (R. 29.)

It, therefore, was not obvious that tungsten carbide, particularly the small particles, could be subjected to the heat of a welding torch in welding on other material such as mild steel to attach tungsten carbide particles to the cutting edge of the tool. Even after

the discovery by the Stoodys that the larger pieces could be so attached by the hot rod method, it was not apparent that the smaller particles would not amalgamate with the other materials of a welding rod to form a homogeneous deposit as all other welding rods had done up to that time such as Jones and Mills in this Record 115 and 117. Nor was it known what other material, if any, could be used for that purpose without oxidation taking place.

The first experiments were in 1926 (R. 26) before the Stoodys had learned of tungsten carbide. In February, 1927 they learned of tungsten carbide and some time prior to June, 1927, Shelley Stody discovered that it was not appreciably affected by the heat of the acetylene torch. (R. 26-27.)

The Master finds as to further experiments as follows:

“Under the direction of the Stoodys several experiments were conducted by Cole in an effort to combine tungsten carbide particles with other materials in a welding rod. None of these experiments resulted in a useful rod. It has been satisfactorily established that during the latter half of June, 1927, a rod containing *tungsten carbide particles enclosed in a mild steel tube* was made in the Stody plant and that this rod was used to face a so called Zubelin bit . . . This Zubelin bit was run successfully in a well and afterwards returned to the Stody plant.

“This was the first successful use of the method of the patent and for the purpose of this case may

be considered as the date of the invention.” (R. 27.)

It is not true, as stated page 8 of Appellant’s Brief, that the patentees chose particles of tungsten carbide “because of the (prior art) knowledge that if tungsten carbide products were intermingled with steel of a lower melting point, the steel would be melted and fused onto the tool while the tungsten carbide particles would be embedded in such fused steel.” This was not known prior to the patentees’ discovery thereof and it was so found in the adjudicated method patent case. (R. 35-36.)

Appellant’s Brief incorrectly states, page 8, that the “patentees believed they were the discoverers of the fact that tungsten carbide was of excessive hardness; that it was of very high melting point;” Those facts were known before the patentees became acquainted with this metal. They did discover, however, that tungsten carbide, even in small particles, quoting further from Appellant’s Brief “if intermingled with steel of lower melting point, melting and fusing the steel” under the direct heat of the flame of the oxy-acetylene torch, “would simply embed the tungsten carbide particles,” in the weld. This was an advance of the knowledge then existing that tungsten carbide could be introduced into some kinds of molten metal and become embedded.

The fact that tungsten carbide and mild steel could be associated and simultaneously *deposited in a weld* was not known, and it was so found in the method patent case . (R. 33 and 35.)

The steps of invention were as follows:

First: The conception that different hard materials could be associated and deposited in a weld to form a heterogeneous deposit, to wit: a layer of weldable metal in which hard particles are embedded intact to form cutting elements on a tool.

Second: To carry out that conception, there had to be discovered a suitable hard material which, in small particles, would not be materially affected by the flame of the welding torch in welding the associated metal to the face of the tool. Stoodys discovered that tungsten carbide, an extremely hard material, would not crack or shatter when subjected to the flame of the torch, nor would it oxidize, nor lose its temper, and that even in small particles it would not form an alloy or homogeneous deposit, but would remain hard distinct particles in the weld.

Third: It was also necessary to discover a suitable material to associate with the tungsten carbide particles, and it was discovered by the inventors herein that mild steel was suitable for such association to weld to the tool face, carrying with it into the weld the tungsten carbide particles without forming gasses and without oxidizing, and on cooling, binding the hard particles in place. (Patent p. 1, ll. 73-77.)



The finding in the adjudicated case is (R. 35).

“In view of the state of the art at the time of the disclosure of the method of the patent it was not known that tungsten carbide and mild steel could be combined together and simultaneously deposited in a weld by the heat of an acetylene torch (R. 36) to produce a weld in which tungsten carbide particles would be held embedded in a matrix formed by the steel.”

Never before Stoodys' own experiments had tungsten carbide particles been associated with any metal to be welded onto the cutting edge of a tool or bit. *It was thought that this could not be done*; that the particles would dissolve or melt and form an alloy as in previous methods using composite welding rods. It was thought that these particles would be affected by the heat of the torch, would oxidize or that gases would form fissures or blow holes in the weld. Stoodys discovered that this could be done with mild steel; that the mild steel when melting protects the tungsten carbide particles from the air, thereby preventing oxidizing, and that the small particles would not melt and form an alloy.

Then after the deposit has cooled:

“The mild tool steel forms a bond welded or fused onto the face of the tool.” (Patent p. 1, ll. 76-77.)

This welded bond of mild steel holding embedded a large number of small cutting particles close together forms “an effective and durable cutting and drilling face of the tool.” (Patent p. 1, ll. 92-93.)

It is this method of forming a heterogeneous welded deposit that is entirely new; there is nothing like it in the prior art.

**The Method of the Patent in Suit Is a Patentable Process Being a "Method of Treatment of Certain Materials to Produce a Particular Result or Product."**

*General Foods Corporation v. Broder*, (C. C. A. 9) 80 F. (2d) 492, 494.

The present process utilizes to advantage the discoveries that tungsten carbide will not be materially affected by the flame of the torch in welding, and that in association with mild steel there is a cooperation of these materials in welding in a different manner from that of other materials of other welding rods producing a particular result and product, to wit: a layer of heterogeneous material on the cutting edge of a tool forming "an effective and durable cutting and drilling face."

*Expanded Metal Co. v. Bradford*, 214 U. S. 366, 53 L. Ed. 1034, 1040, holds that a new combination of old elements or steps in a process producing a new and useful result is invention. There was involved *simultaneous* slitting and bending of material, here the *simultaneous* deposit in a weld of materials discovered to be suitable for that purpose.

In *Beryle v. San Francisco Cornice Co.* (C. C. A. 9), 195 F. 516, 519 affirming 181 F. 692, there was a method of securing ends of material and “then *simultaneously* pushing the wood and metal” thru dies,—held that the saving of time and material made it a proper subject of a patent.

The patent herein discloses a continuous process, a simultaneous action and progressive performance.

*Ludington Cigarette Machine Co. v. Anargyros, et al.* (C. C. A. 2), 188 F. 318, at p. 322, emphasizes such features as the essence of the invention of a process for making cigarettes, stating that:

“[If] the combination was new, and a new and useful result was produced, the patentee is entitled to the protection of his process.”

In *Vortex Manufacturing Company v. Ply-Rite Contracting Co.*, (D. Md.) 33 F. (2d) 302, 309, the court said:

“The true test of the patentability of a combination of prior processes is whether there has brought together for the first time their different elements into a unitary whole forming a process that is both new and useful.

“We find that the Parkin patent meets this test. The novelty consists of the application to walls and ceilings of a moisture impervious fluid bond material at normal temperature in conjunction with the application of an inert material, and the plaster.”



In the present case there are the same elements of novelty. There is "the application" to tools "of a . . . bond material," mild steel, at a certain "temperature," the heat of a welding torch, "in conjunction with the application of an inert material" the tungsten carbide particles, the elements "being brought together for the first time . . . forming a process which is both new and useful."

It is contended that there is nothing new in plaintiff's method; that it is the same method of welding as is accomplished with other welding rods; that the only thing new is the use of different materials in the tube.

Not only is the tungsten carbide a different material, but its co-operation with the mild steel of the tube is different—bonding but not blending therewith—and the results obtained are different, not only in the welding but in the weld obtained.

The discovery that tungsten carbide, (although a well known material), was suitable for use in the method of the patent and to produce the product, was an element of invention similar to that of selecting tungsten to form a filament for electric lamps, which was held invention in *General Electric Co. v. Laco Philips Co.*, (C. C. A. 2) 233 F. 96.

The substitution of tungsten for molybdenum and platinum made-and-break contacts was held to be invention in *Elkon Works, Inc., v. Welworth Automotive Corporation* (E. D. N. Y.) 25 F. (2d) 968, 972, 973.

The discovery that the mild steel associated with the tungsten carbide permitted the simultaneous deposit of the materials to form a weld without forming gases or *oxidation*. (Patent p. 1, ll. 73-75) was invention just as was the use of a small quantity of *deoxydizing* aluminum in the process of producing iron and steel castings in *U. S. Mitis Co. v. Midvale Steel Co.*, (E. D. Penn.) 135 F. 103.

The court states at page 108:

“Furthermore, whatever knowledge of the *deoxydizing* property of aluminum there may have been, its utility in producing iron and steel castings without a deterioration of the product certainly was not understood before, *nor yet the time and manner of applying it*, which were also involved. One had to know not merely that aluminum was a deoxidizer like manganese and silicon, but that in marked contrast with both, it could be made to disappear in the process, and leave no bad effect. This it was left to Wittenstrom to discover and give to the world, and it does not do to belittle his achievement after the fact. The process which he evolved may be a simple one—merely casting a bit of aluminum into the molten mass at the moment of pouring—but it is not to be judged by its simplicity, but by its effect (*Carnegie Steel Co. v. Cambria Iron Co.*, 185 U. S. 403, 429, 22 Sup. Ct. 698, 46 L. Ed. 968), and of this we can hardly doubt.”

So also in *General Electric Co. v. Hoskins Mfg. Co.*, (C. C. A. 7) 224 F. 464, 467, 471, the court held that

the use of chromium nickel alloy, a new alloy, as an electric resistance element, was invention, having among other characteristics that it was less liable to *oxidation when heated*.

In *Westmoreland Specialty Co. v. Hogan*, (C. C. A. 3) 167 F. 327, 328, the court held that the use of celluloid instead of metal for a dredge cap for salt cellars, which material would “*not oxidize*” and had flexibility and insulating qualities, was invention.

In *Ajax Metal Co. v. Brady Brass Co.*, (D. N. J.) 155 F. 409, the court held it invention to form a composite mixture or alloy of metals which, in the patent there involved, was for journal bearings.

It is urged, however, that the method here, is merely the deposit of metal upon the face of the tool by a process of welding, using a welding rod “in the only way in which that rod could be used,” (p. 8 brief) and “no differently from any other welding rod.” (p. 9 brief) and that the application of the heat and the deposit of the materials was nothing new.

The physical acts of welding, in performing the operation, are the same, but the process itself is different.—First in the materials associated and deposited; Second, in their reaction to the heat of the torch in welding, and Third, in the result produced.

In discussing *Stoody v. Mills Alloys, Inc.*, 67 F. (2d) 807, Appellant page 6 of its brief stated that “this court held that there was no invention in the manufacture or use of that rod.” The decision only holds that there was no invention in the rod.

The method here involved relates to the formation of a cutting tool such as a drill bit and its use in drilling. It is the process of putting a superior cutting edge on a drill bit or other tool. It is not the process of using a certain kind of tube (or rod) any more than it is of using an acetylene torch, although both tube (or rod) and torch are used in the process. Tube and torch are merely instruments or tools used in the process, the essence of the invention being the association and simultaneous deposit of a layer of heterogeneous materials on the cutting edge of a tool producing thereby a new result, a more effective and durable cutting tool.

A part of the problem was to devise a method enabling the use of conventional acetylene torches and established welding technique whereby a facing could be applied to tools wherever desired that would be superior to all previous welded on facings. The discoveries that tungsten carbide would retain its hardness and its identity under the flame of torch and even when carried in a flow of molten mild steel into a weld enabled this problem to be solved. These discoveries are used advantageously in the patented method.

The very fact that conventional apparatus—a welding torch—may be used in the usual manner, for treatment of certain associated materials whose characteristics in combination had been discovered by the patentees, greatly adds to the value of the invention, and materially aided in establishing it in the trade.

Its merit has been passed upon favorably by the lower court in a prior contested case wherein was carefully considered the prior rod patent case and nothing different from the arguments made in the adjudicated suit are offered here by the Appellant.

### III.

#### THERE ARE NO LACHES TO CONSTITUTE AN ESTOPPEL.

It is urged by appellant that inasmuch as plaintiff waited four years with full knowledge of defendant's infringement of its patent before suing it, plaintiff is estopped by laches, and a part of certain correspondence between the parties is referred to in that connection.

The affidavit of Charles G. Scheffler (R. 41) sets out that he is in charge of the patent department of Haynes Stellite Company, the defendant herein. Affiant states on information and belief that the entire correspondence between the Stoodly Company, plaintiff herein, and the Haynes Stellite Company regarding plaintiff's patent is composed of the five letters, giving their dates with true copies attached.

The first letter is merely a notice of infringement of patent No. 1,757,601, and patent No. 1,547,842. The first one mentioned is on a welding rod. That letter is dated January 31, 1931. (R. 43.)



The next one is dated June 24, 1931 (R. 44), signed by E. E. LeVan, General Sales Manager, to Hazard & Miller, attorneys, stating:

“Your letter of January 31, 1931, regarding Stooddy patents, Nos. 1,547,842 and 1,757,601, has been referred to our patent attorneys. After a careful consideration, they report that in their opinion we are not infringers, either direct or contributory, or any valid claim of either patent.”

This letter does not claim that defendant is not practicing what the patents teach, but apparently relies upon alleged invalidity.

On June 29, 1931, Hazard & Miller wrote defendant (R. 44):

“We are in receipt of your letter of June 24th in response to our letter of January 31st concerning the Stooddy Company patents.

“We do not have the benefit of the reasoning of your attorneys by which they arrive at the conclusion that you do not infringe in any way any valid claims of either patent and we cannot see how they can legitimately arrive at this conclusion. Patent No. 1,757,601 has already been sued upon in this District and the trial has been had. We are at present awaiting decision of the case, which we trust will be in our client’s favor.

“Since we last wrote you, our client has also received patent No. 1,803,875 (that is the patent in this suit) which has a close bearing upon patent No. 1,757,601. We are enclosing a copy herewith and ask that you discontinue infringement of this



patent also. We would appreciate your acknowledging receipt so that we may establish notice to you of this patent as of this date.

“Up until the present time our client has adopted the policy of refraining from bringing suit against other infringers of patent No. 1,757,601 until the cause now pending has been decided. However, we are submitting your case to them for a possible change of policy. This is based upon the assumption that your attorneys after perusing this patent will, likewise, arrive at a similar conclusion, that you do not infringe any valid claim therein. We hope, however, that after investigating this patent that your attorneys will alter their opinion as to all three of the patents mentioned in our correspondence.”

Mr. LeVan, the general sales manager, then writes on September 9, 1931 (R. 46):

“Your letter of June 29, 1931, in which you call our attention to an additional patent No. 1,803,875, has been referred to our patent attorneys. They regard this patent as even weaker than its companion No. 1,757,601; and advise us that we may disregard it in so far as our present and prospective products and practices are concerned.”

Then comes the letter of September 19, 1931 (R. 49), upon which appellant relies as creating an estoppel or waiver. In the first paragraph it states:

“We have your letter of September 9th concerning our client’s patent No. 1,803,875. In order

that laches can in no way be imputed to our client, we wish to set forth our client's position."

And in the second paragraph:

"We are at present awaiting a decision of an infringement suit based upon patent No. 1,757,601 of which you are undoubtedly aware, as one of your employees was quite regular in attendance in the court room during the trial. In the event that the decision in this suit is to the effect that this patent is invalid it is, of course, the intention of our client to let the matter drop as it is neither our client's policy nor ours to harass competitors on an invalid patent.

"On the other hand, if the decision should be in our client's favor, establishing the validity of the patent, it is our client's intention to immediately proceed against all infringers. We trust that you will appreciate our client's position. We merely wish to inform you of this so that, although some time may elapse before this matter is brought to your attention further, no laches can be imputed to our client's delay in immediately proceeding."

There is no statement in any of these letters that plaintiff would not proceed upon the patent in suit or that the method patent would be dependent upon the decision in the Circuit Court of Appeals on the welding rod patent. It was not long after this last letter that another suit on the method patent was instituted against Mills. This second suit was brought against Mills instead of against the Stellite Company because,

as stated in one of plaintiff's affidavits here (R. 68), the Haynes Stellite Company was getting out a form of rod which was of such inferior character and so unattractive to the public that it was not creating very much competition at that particular time. But it appears that defendant later adopted a tube-rod which is in all respects the same as the tube-rod of the Stoodly Company.

In connection with this matter of delaying suit until after the case of Stoodly against Mills was determined, no suit was brought against defendant herein until after decision in the second Mills case had been made.

*Walker on Patents, Sixth Edition, Section 631, page 727, speaks of this matter of delay as follows:*

“[Delay] to sue is not always laches, because it may have been harmless to the defendant; or it may have resulted from the fact that the complainant did not know of the infringement till long after it began; or from the fact that he was litigating a test case under his patent against another infringer during the time of the delay.”

This last is just what plaintiff did here.

One very significant thing appears. Although plaintiff's letter (R. 47), speaks of defendant having a man in attendance on the first trial, there is no denial on their part that they knew that plaintiff was litigating the case against Mills on the second or method patent.

*Timolat v. Franklin*, (C. C. A. 2) 122 F. 69, holds that the patent owner is under no obligation to sue all infringers at the same time. That would not seem to be good business policy. A test case should first be made before suing at large, so to speak.

Defendant here, after notification of the patent now in suit, wilfully elected to continue its infringement at their own and known peril, on the ground that it had no validity. They did not rely upon any consent on the part of plaintiff that they might do what they have done.

In *Pierce-Smith Converter Co. v. United Verde Copper Co.*, (D. Del.) 293 F. 108, 113, the court stated:

“Laches is not like limitation, a mere lapse of time, but is principally a question of the inequity of permitting a claim to be enforced because of some change in the condition or relations of the parties or the property. Basic converting was begun by the defendant in accordance with the Smith process, without leave of the patentee or his assignee, after being advised by its counsel of probable infringement. The enlargement of its infringing operations is no more attributable to Smith or the plaintiff than was the original infringement.”

In *United States Fire Escape Counterbalance Co. v. Wisconsin Iron & Wire Works*, (C. C. A. 7) 290 F. 171, the headnote reads:

“Delay in bringing suit against an infringer held not laches, which barred the suit, where dur-

ing the time of defendant's infringement other suits on the patent were pending, and the suit was commenced within six months after its validity was established."

## IN CONCLUSION

The question on this appeal is "solely that of whether or not, under the circumstances, the trial court has exercised a sound discretion in granting the preliminary injunction" (66 F. (2d) 809). It appears that the lower court in granting the injunction relied upon its own prior adjudication of the method patent herein which prior adjudication was upon full proofs and extensive consideration. No different or other defense than was made in that prior litigation has been advanced in the present case.

In *Co-Operating Merchant's Co. v. Hallock*, (C. C. A. 6) 128 F. 596 cited by appellant, page 4 of its brief, certain alleged anticipating patents raised grave doubts as to validity of the patent in suit. The Appellate Court however, in view of the "question of anticipation arising upon prior patents and their exemplification by ex-parte affidavits of experts" and the fact "that complainant's patent had been sustained on its merits upon a final hearing" "and that every one of the patents here relied on had been in that case" remanded the case with direction to dissolve the injunction "upon the execution of a bond by the defendant."



But in this case such remand should not be made, but the decree affirmed, because the order appealed from permitted defendant to file such a bond. (R. 129.)

The court did not abuse, but exercised a wise and careful discretion in making its order.

The appellant did not avail itself of the provision allowing it to file the bond, but elected to appeal. Therefore, the order appealed from should be affirmed with costs to appellee, and the case remanded without leave to further suspend the injunction ordered, plaintiff having filed its bond as required.

Respectfully submitted,

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CHARLES C. MONTGOMERY,

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